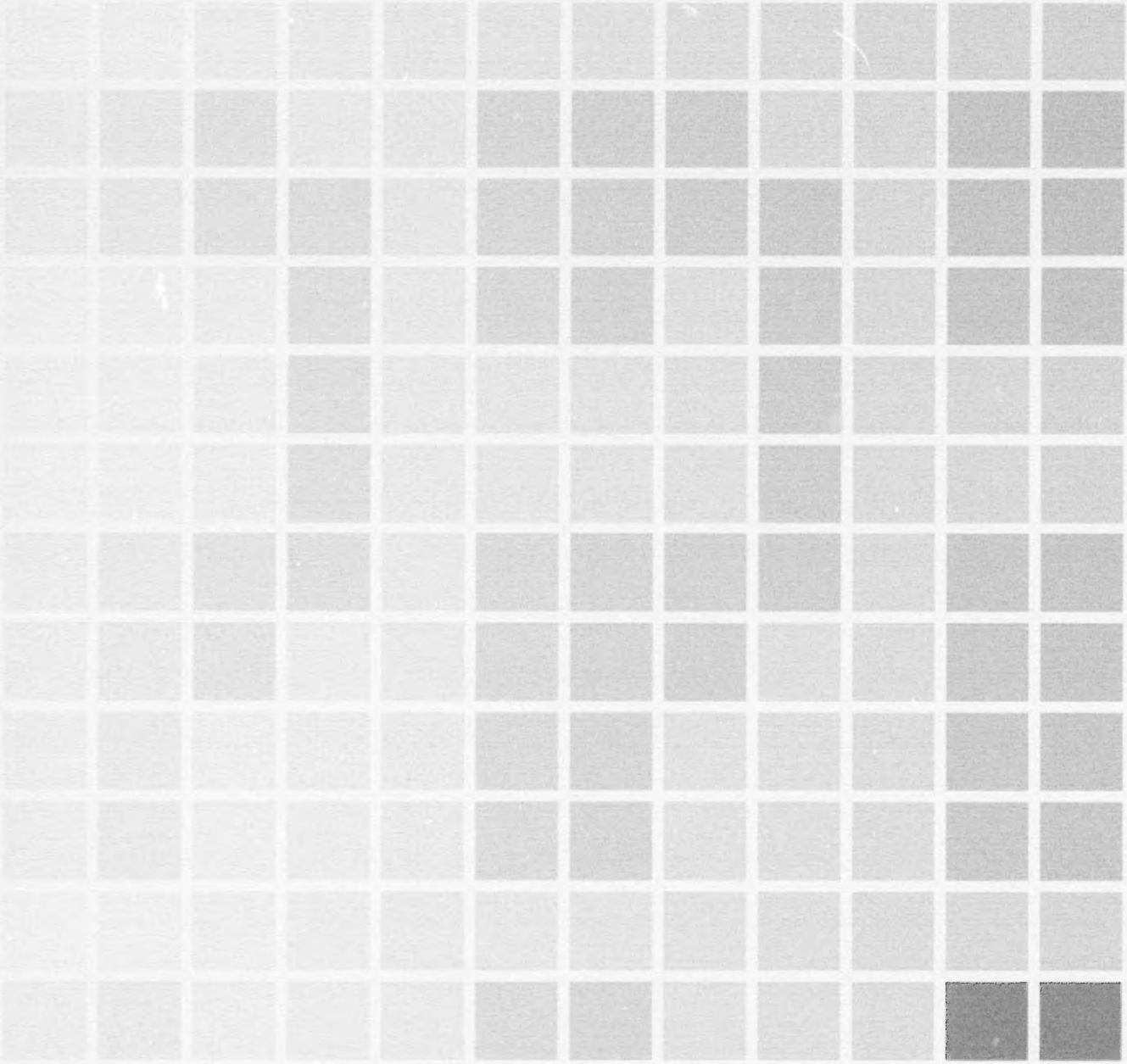
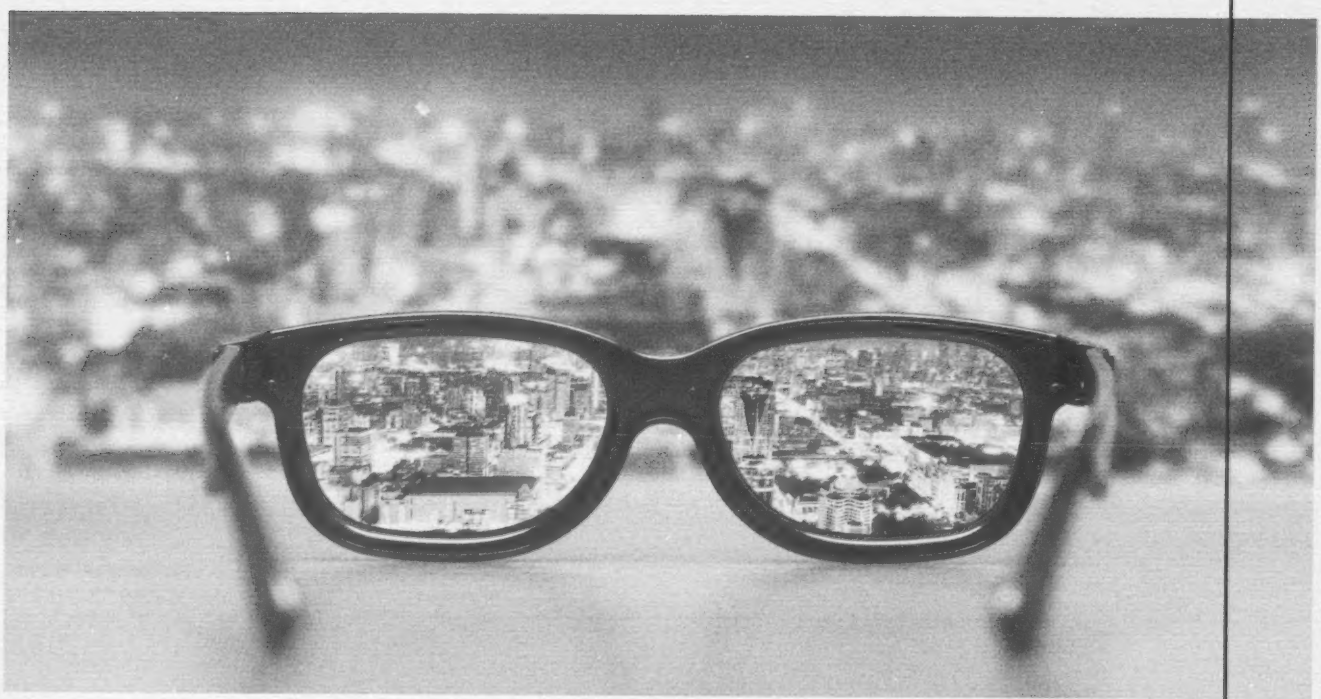


INSTITUTE FOR RESEARCH ON PUBLIC POLICY

ANNUAL REPORT 2014-15

IRPP

MISSION



Founded in 1972, the Institute for Research on Public Policy is an independent, national, bilingual, not-for-profit organization.

The IRPP seeks to improve public policy in Canada by generating research, providing insight and informing debate on current and emerging policy issues facing Canadians and their governments.

The Institute's independence is assured by an endowment fund, to which federal and provincial governments and the private sector contributed in the early 1970s.

BOARD OF DIRECTORS

Graham W.S. Scott, Toronto, Ontario, Chair
A. Anne McLellan, Edmonton, Alberta, Vice-Chair

Françoise Bertrand, Montreal, Quebec (since March 2015)
David N. Biette, Washington, DC
Kim Brooks, Halifax, Nova Scotia
Ian D. Clark, Toronto, Ontario
Michael B. Decter, Toronto, Ontario
Alain Dubuc, Montreal, Quebec
Mary Lou Finlay, Toronto, Ontario
Jock Finlayson, Vancouver, British Columbia
Richard Florizone, Halifax, Nova Scotia (to August 2014)
Graham Fox, Montreal, Quebec, President of the IRPP
Lea B. Hansen, Toronto, Ontario
V. Peter Harder, Ottawa, Ontario
George E. Lafond, Victoria, British Columbia
Paul M. Tellier, Montreal, Quebec

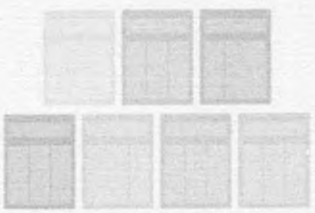
FINANCIAL HIGHLIGHTS

Year ended March 31, 2015 (thousands of dollars)

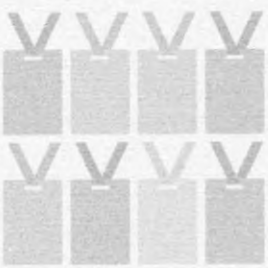
	2015	2014	2013
Operational budget	2,258	2,268	2,571
Expenses	2,258	2,341	2,545
Operational budget over/under expenses	0	(73)	26

2014-2015 IN REVIEW

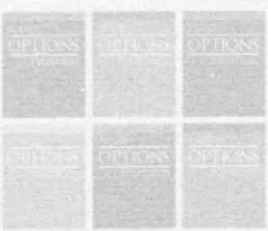
PUBLICATIONS (7)



EVENTS (8)



ISSUES OF POLICY OPTIONS (6)



MEDIA MENTIONS

STORIES

708

↑15%

OP-EDS (6)

GOVERNMENT CITATIONS

OFFICIAL DOCUMENTS (6)

STANDING COMMITTEES

FEDERAL (3) QUÉBEC (1)

RESEARCH REFERENCES

ACADEMIC JOURNAL ARTICLES

TRADE JOURNAL ARTICLES **2**

POLICY REPORTS **1**

PUBLIC ENGAGEMENT BY IRPP EXPERTS

PUBLIC PRESENTATIONS (5)

STAKEHOLDER CONSULTATIONS (2)

SOCIAL NETWORKS

TWITTER FOLLOWERS

3,445 ↑41%

FACEBOOK LIKES

403 ↑21%

WEBSITE ACTIVITY

PAGE VIEWS

488,065

↑32%

USERS

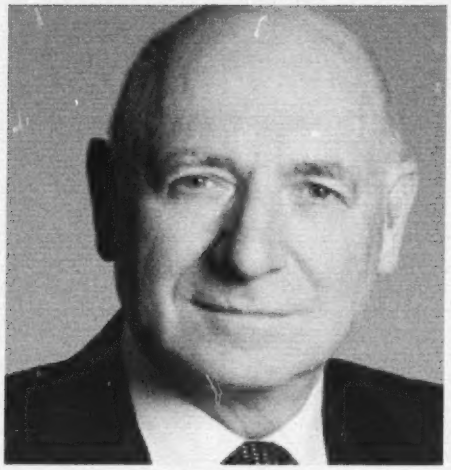
222,398

↑100%

DOWNLOADS

17,246

↑32%



GRAHAM SCOTT, JUNE 2015

MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

It has been another good year for the IRPP, one marked by continued growth and new developments. First and foremost I should pay tribute to the staff, who consistently punch above their weight for a small team, in terms of the quality of the publications produced and of the events organized. I thank them for their hard work and dedication.

On the Board front, it was a year of renewal and some change – one new appointment and several reappointments. As well, our committees are hard at work tweaking the revised governance model and applying the new *Board Policy Manual*. Having agreed to extend his term as president to 2019, Graham Fox spent the year leading the Board in an update of the Institute's strategic plan, suggesting ways to fine-tune and improve processes and developing strategies to guide the Institute through the next five years.

In August 2014, Richard Florizone, President of Dalhousie University, resigned from the Board, because his professional commitments have made it difficult for him to continue serving the Institute. On behalf of the Board, I thank him for two great years of invaluable contributions and wish him continued success.

In March 2015 we welcomed new director Françoise Bertrand. Since 2003, Françoise has been President and CEO of the Fédération des chambres de commerce du Québec, the largest network of business people and businesses in Quebec. In April 2015, directors David Biette, Kim Brooks, Alain Dubuc and George Lafond agreed to renew their commitment to the IRPP and will serve the Institute for another four-year term. Also this year, Vice-Chair Anne McLellan has agreed to renew her term for another three years. On a personal note, I have agreed to renew my term as Chair for the same period. I am delighted at the prospect of working with all of the directors for at least another term!

Finally, I would like to thank my fellow directors for their dedication to the IRPP and their hard work this year. With our renewed governance model, our updated strategic plan and our directors more engaged than ever, we are well prepared to grow from strength to strength, and we are ready to meet the challenges ahead of us.

GRAHAM FOX, JUNE 2015

MESSAGE FROM THE PRESIDENT

With a competitive federal election expected later in 2015, the IRPP spent the last year focusing on the issues that are likely to make headlines as candidates hit the hustings and Canadians contemplate their electoral choices. From the policy challenges associated with an aging population, income inequality and labour market policy, to international trade, immigration and the future of our federal arrangements, we've hosted lively debates on the policy challenges we face as a country and the choices we must make as we attempt to address them.

It's been an exciting and eventful year for the Institute. We launched two major research initiatives in The Art of the State series. One examines how income inequality is manifesting itself in the Canadian context, and the other considers how Canada should adapt its approach to international trade in light of the changing realities of global commerce. The two initiatives will lead to the publication of two new edited volumes over the next year. We also launched our Task Force on Aging – a bold new initiative that will propose a comprehensive national seniors strategy in the lead-up to the next federal election. As well, under the auspices of *Policy Options* magazine, we partnered with the Canadian Academy of Engineering to hold a series of round tables across the country on the role of science and technology in the development of public policy.

In the past year, our studies have recommended changes to Canada's pharmacare programs, highlighted the deficiencies of Canadian labour market information, and proposed reforms to the Temporary Foreign Worker Program. Our events have explored the state of the employment insurance program and examined how Canadian firms can engage more effectively in the global economy. And our flagship publication *Policy Options* pondered the complexity of the world's conflict zones, the future of energy and how technology is changing public spaces.

In January, we welcomed acclaimed author and journalist Dan Gardner to the team as editor of *Policy Options*. Dan's plans for *PO* are as ambitious as they are innovative. Already in a few short months he has greatly expanded the roster of *Policy Options* bloggers to bring to our readers and irpp.org visitors a more diverse group of public policy voices. But I can assure you, the best is yet to come. I also would like to take the opportunity to thank Bruce Wallace, who launched the renewal process for *Policy Options* a few short years ago, for his tremendous contribution to the magazine. We wish him every success in his future endeavours.

In closing, and on behalf of colleagues and partners, I want to express my thanks to the many individuals and organizations who, through sponsorships and donations, have enabled us to ask the tough research questions and to maintain the independence that has been so critical to our success. We greatly appreciate your support, and we thank you for your generosity. Our commitment to you is that we will stay true to our mission, and we will continue to press the case to all governments that the best policy decisions are those based on evidence and supported by the highest-quality research.

COMPETITIVENESS, PRODUCTIVITY AND ECONOMIC GROWTH

RESEARCH DIRECTORS **STEPHEN TAPP AND TYLER MEREDITH**

Economic issues have moved front and centre in the wake of the global recession. The Competitiveness, Productivity and Economic Growth program examines how Canada can foster and sustain the growth that is essential for improving the well-being of Canadians and for providing the resources needed to address other policy challenges. This program currently features two medium-term research initiatives. The first explores the ways changing patterns of global trade and investment are affecting Canada — with the goal of informing the modernization of policies to reflect 21st-century realities. The second aims to provide an integrated and long-term analytical perspective on the policy challenges that will arise over the next decade as Canadian labour markets evolve in response to population aging, technological change and skill needs.

MEDIA MENTIONS

62 news stories

POLICY IMPACT

Labour Market Information

Shortly after the release of Don Drummond's paper, the federal government announced changes to enhance the labour market data collected by Statistics Canada and Employment and Social Development Canada (ESDC).

PUBLIC AND STAKEHOLDER ENGAGEMENT

House of Commons Committee

Tyler Meredith was invited to appear before the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities in the context of the renewal of federal-provincial-territorial labour market agreements.

Canadian Forces College

Stephen Tapp delivered a seminar on Canadian trade and policy issues to senior public servants, Canadian Forces officers, and international military officers.

Ottawa Economics Association

Stephen Tapp moderated a panel on the 2014 Federal Budget with Canadian fiscal policy experts.

Canadian Economics Association

At the annual conference of the association Tyler Meredith participated in a panel discussing opportunities for cooperation between post-secondary training institutions and employers.

Employment and Social Development Canada

Tyler Meredith gave a presentation on the future of labour market policy in Canada to a forum of 100 public servants at ESDC.

National Skills Summit 2014

Vice-President of Research France St-Hilaire chaired a panel discussion at 2014 Skills Summit organized by then-Employment Minister, Jason Kenney.

Trade Symposium

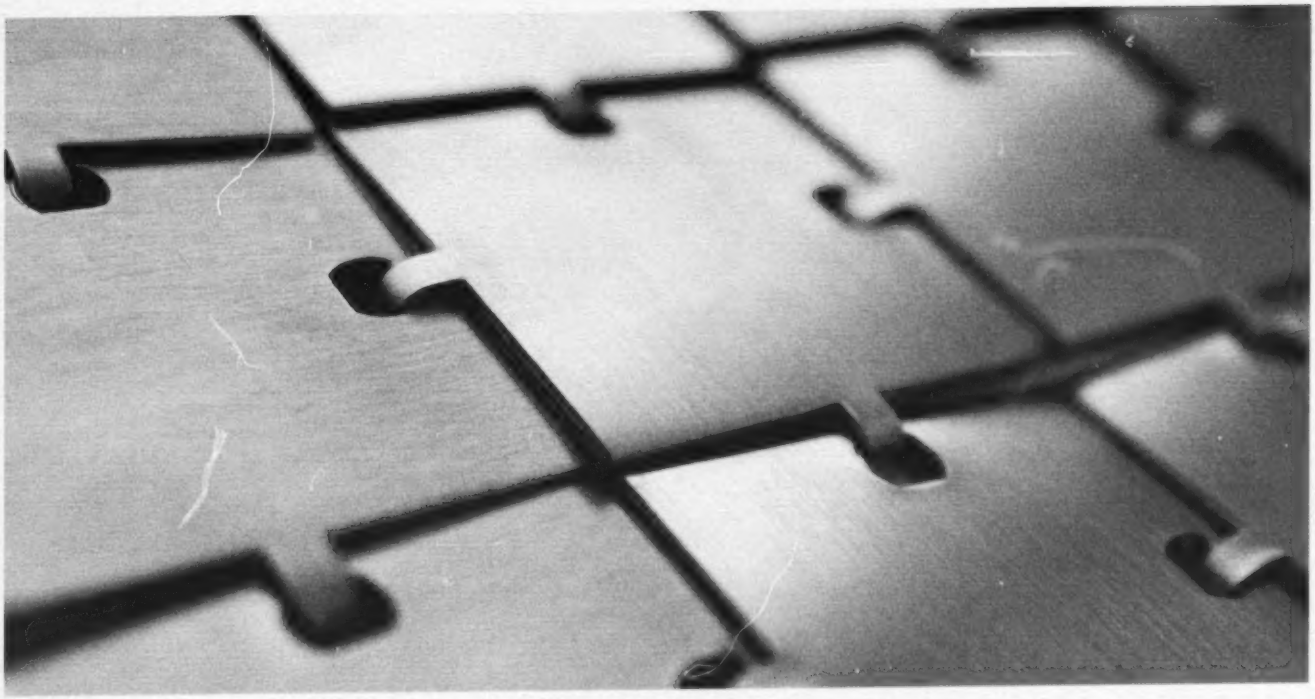
How can Canada engage more effectively in the global economy? To explore this question, the IRPP gathered leading experts from coast to coast for a two-day symposium on Canadian trade. Over 60 participants took part in this event, which covered a range of important topics including trade negotiations, foreign investment, services, regulation, digital trade and innovation. Much of the research presented at this symposium will be published beginning in 2015 in *Redesigning Canadian Trade Policies for New Global Realities*, volume VI of The Art of the State series.

Canadian Labour Market Information

Good labour market information (LMI) is critical to effective decision-making on the part of workers, students, businesses and policy-makers. Five years after the report of the federal-provincial Task Force on LMI was released, its chair, Don Drummond, assesses what remains to be done. In his paper, he concludes that there is an urgent need to improve the quality of Canada's LMI system. This will require leadership and coordination on the part of provincial and federal governments and a more robust approach to data collection and dissemination. Released in the midst of growing controversy over the use of temporary foreign workers to address labour shortages, the paper received extensive media coverage including a high-profile editorial in the *Globe and Mail*. Shortly after, the federal government announced a number of changes to enhance the breadth of labour market data collected by Statistics Canada and ESDC.

Roundtable on Employment Insurance

Over the last several decades Canada's employment insurance program has undergone considerable change that has affected not only basic program parameters related to eligibility and benefit levels but its mandate as well as. The IRPP and Employment and Social Development Canada jointly convened a roundtable of researchers and experts to take stock of these issues and to examine to what extent the program is equipped to respond to current and future labour market opportunities. More than 30 senior officials and researchers from both Canada and the United States participated in this event. These discussions have laid the groundwork for additional research the IRPP will be doing in this area over the next several years.



DIVERSITY, IMMIGRATION AND INTEGRATION

RESEARCH DIRECTOR **LESLIE SEIDLE**

In light of the growing contribution of permanent and temporary migration to the Canadian labour force, it is important to better understand the economic and social barriers that newcomers face and explore ways to improve integration and social cohesion.

MEDIA MENTIONS

28 news stories

POLICY IMPACT

Temporary Foreign Worker Program

The federal government announced a major overhaul of the Temporary Foreign Worker program in June 2014. The reforms, which included a cap on the number of workers employers can hire as well as strengthened enforcement processes, echoed the conclusions of the IRPP's research.

Live-in Caregiver Program

As recommended by Jelena Atanackovic and Ivy Lynn Bourgeault, in October 2014 the federal government announced the end of the live-in requirement for immigrant caregivers and changes to facilitate their access to permanent residence.

PUBLIC AND STAKEHOLDER ENGAGEMENT

Collaboration with the Quebec Government

The IRPP was engaged by the Ministère de l'Immigration, Diversité et Inclusion to assist in its work leading to a new policy statement on immigration and ethnocultural diversity. Leslie Seidle, François Boucher (Université de Montréal) and Micheline Milot (Université du Québec à Montréal) and Alain-G.Gagnon (Université du Québec à Montréal) were tasked to prepare a round table and report exploring the potential benefits of a strengthened focus on intercultural policies and broader approach to diversity. Leslie Seidle presented some of the findings before a National Assembly Committee.

Metropolis Annual Conference

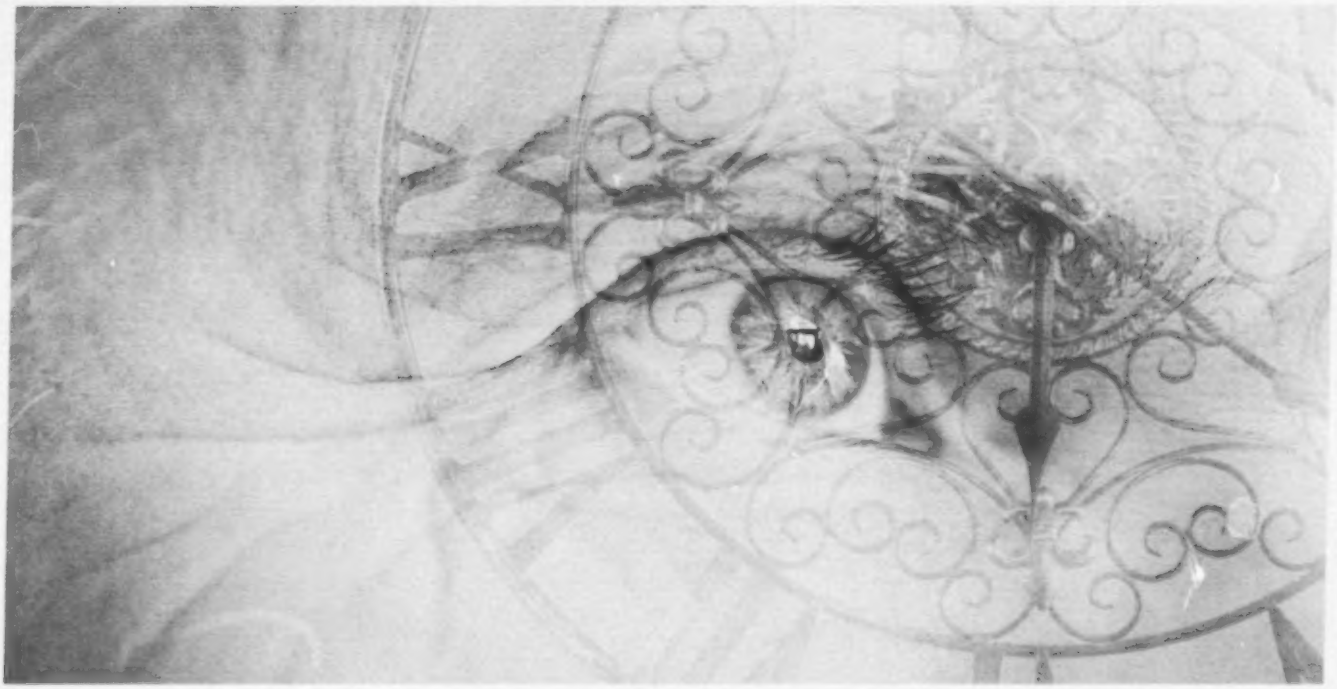
Leslie Seidle delivered a presentation on measuring the impact of immigrant integration policies at this annual forum for researchers, policy-makers, and stakeholders.

Economic and Social Integration of Immigrant Live-in Caregivers in Canada

While many Canadians rely on the live-in caregiver program to care for young, disabled and elderly relatives, little is known about the program's impact on the caregivers. In their study, Jelena Atanackovic and Ivy Lynn Bourgeault provide a fuller picture of the experiences of these workers. Their research demonstrates that the live-in requirement for caregivers has led to inequitable working conditions and even exploitation, and limited their opportunities for social involvement within the community. Their call to end this requirement and to facilitate migrant caregivers' access to permanent residence was echoed in changes to the program announced in the federal government reform in October 2014.

Quebec Interculturalism in the Context of Canadian Multiculturalism

Faced with growing diversity, Quebec has adopted a range of measures on immigrant integration, some of which aim at building links between people from different backgrounds. Although interculturalism is not an official policy François Rocher and Bob W. White argue that it should be. Their study calls for a strengthened focus on intercultural policies and for an enhanced role for municipal governments in this domain. On the ground, this means supporting the creation of a network of intercultural cities and encouraging greater coordination among governments. The study informed important policy debates and elicited interest from the Quebec government.



FACES OF AGING

RESEARCH DIRECTORS **NICOLE F. BERNIER AND TYLER MEREDITH**

Population aging will present a host of complex social and economic challenges for governments at all levels over the next few decades. The Faces of Aging program examines this demographic phenomenon and its implications for public policy and society at large.

MEDIA MENTIONS

393 news stories

2 op-eds widely circulated by over 30 media outlets

PUBLIC AND STAKEHOLDER ENGAGEMENT

National Seniors' Strategy

The IRPP Task Force on Aging brought together experts and stakeholders for a frank discussion on how we can best address the challenges of an aging population, from the points of view of care, the organization of work and communities.

Evidence Network

Nicole Bernier joined the Evidence Network as an expert adviser. The project links journalists with health policy experts to provide access to credible, evidence-based information.

Municipal Financing in Aging Communities

How will communities face growing pressure to provide more and better services for seniors? In his study, municipal finance expert Harry Kitchen lays out some guiding principles for financing local services, which he argues should apply across the board to all services, including those for the elderly. This would entail discontinuing the practice of reducing user fees and property taxes for seniors. While this study sparked some strong reactions, it shed light on important municipal fiscal issues that are often overlooked. It also garnered interest from media across the country, sparking over 100 news stories.

Income-Based Public Drug Benefit Programs

Prescription drugs have been one of the fastest-growing components of health care costs for decades. This is also an area where the effects of population aging are particularly acute for government-run insurance programs in Canada. While a growing number of provinces have discontinued comprehensive drug benefits for seniors in favour of income-based plans for all ages, Steven G. Morgan, Jamie R. Daw and Michael R. Law argue that this is a step in the wrong direction. Their study renewed the debate on the need for a universal pharmacare plan; it inspired over 40 media mentions and a successful webinar that drew 160 participants across Canada.

Sharing Responsibility for Eldercare in Quebec

Quebec policy on long-term care has undergone several shifts over the last 50 years. Given the province's rapidly aging population, the question of who should be responsible for ensuring the needs of seniors are met is all the more salient. In November 2014, policy-makers, researchers and practitioners from coast to coast participated in a webinar discussion on the future of eldercare in Quebec. The topic for this event was based on a study by Jean-Pierre Lavoie. Lavoie urges Quebec to re-examine the roles of families as well as the voluntary and private sectors in caregiving. The study, which raises concerns about the increasing privatization of care and its effects on families, was discussed in a number of articles in *La Presse*, *Montreal Gazette* and *Le Soleil*.

POLICY OPTIONS | FOR WHAT LIES AHEAD

EDITOR **DAN GARDNER**

From its inception, *Policy Options* has been more than a print magazine for the promotion of the IRPP's own research and writing. It is a nonpartisan, nonideological forum open to anyone with interesting, informed thoughts on public policy.

Over the past year, we showed our commitment to building a forward-looking magazine. We challenged conventional narratives, finding new ways to look at the future of energy, the politics of public space and policy priorities for the next election. And we offered some alternative perspectives on climate change and explored the evolution of data storytelling.

We also found new voices and wrote about new issues. Starting in February, the blog roster was expanded and now has more than 50 contributors. There are academics from various fields, think-tankers, and activists, as well as former politicians, political staffers, and civil servants. Intellectual, partisan, and demographic diversity is considerable and growing. It's a work in progress, but the development of the blog to date illustrates the direction *Policy Options* as a whole will take in future.

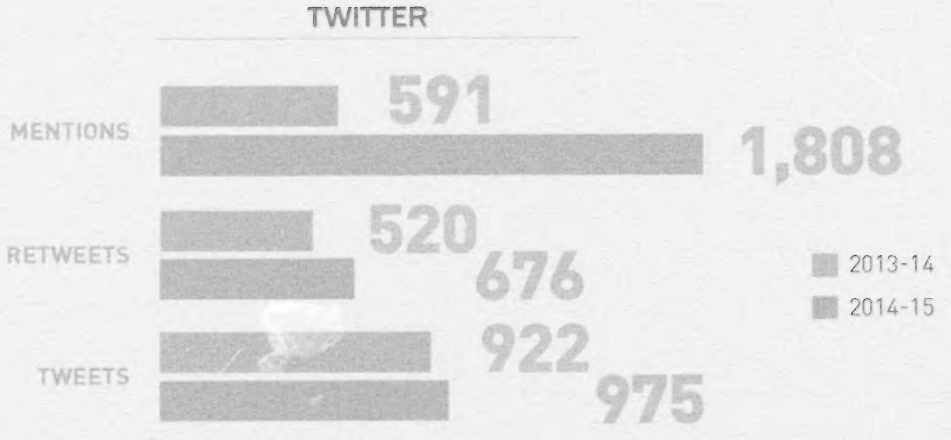
In that spirit, our website is an integral part of *Policy Options*, and the focus of recent editorial efforts has been its development and expansion. Notable changes include an events calendar listing forthcoming policy-related conferences and lectures, whether they are sponsored by the IRPP, policy schools, foundations, or other think tanks. Most organizations promote only their own events, so this calendar is a useful tool for anyone interested in public policy, and it demonstrates the vision of *Policy Options* as a forum open to all. This focus will increase in the coming year as we expand our online presence and continue to shape our identity as an original voice in the country's policy community.

COMMUNICATIONS

COMMUNICATIONS OFFICER **SHIRLEY CARDENAS**

The IRPP continues to shape Canada's most important policy conversations, from free trade, pension reform and the future of long-term care, to diversity and immigration and economic growth. Our experts have been published in opinion pages across the country and seen and heard on leading current affairs programs.

This year we saw a 15 percent increase in news coverage, and there were 708 mentions of the Institute's work in newspapers and broadcasts from coast to coast. We also saw a 100 percent increase in web traffic from 111,280 to 222,398 users, which generated over 488,000 page views. Social media accounted for nearly 50 percent of the traffic flow to our website, demonstrating the powerful reach of this communications tool. Recent efforts to ramp up engagement on Twitter and Facebook were also rewarded with 41 percent and 21 percent increases in followers, respectively.



PUBLICATIONS AND EVENTS

COMPETITIVENESS, PRODUCTIVITY AND ECONOMIC GROWTH

PUBLICATIONS

Wanted: Good Canadian Labour Market Information
Don Drummond
June 11, 2014

EVENTS

Symposium
Adapting Canadian Trade and Commerce Policies to New Global Realities
June 16-17, 2014, Ottawa

Round Table
Workshop on Employment Insurance and Key Research Priorities
July 16-17, 2014, Gatineau

DIVERSITY, IMMIGRATION AND INTEGRATION

PUBLICATIONS

Economic and Social Integration of Immigrant Live-in Caregivers in Canada
Jelena Atanackovic and Ivy Lynn Bourgeault
April 16, 2014

Ethnocultural Community Organizations and Immigrant Integration in Canada
Philippe Couton
June 26, 2014

L'interculturalisme québécois dans le contexte du multiculturalisme canadien
François Rocher and Bob W. White
November 25, 2014

EVENTS

Round Table
Séminaire de réflexion sur les fondements du modèle québécois d'aménagement de la diversité ethnoculturelle
June 27, 2014, Québec City

Workshop
L'interculturalisme québécois dans le contexte du multiculturalisme canadien
April 29, 2014, Montreal

FACES OF AGING

PUBLICATIONS

La responsabilité des soins aux aînés au Québec : du secteur public au privé
Jean-Pierre Lavoie, avec la collaboration de Nancy Guberman et de Patrik Marier
September 3, 2014

Are Income-Based Public Drug Benefit Programs Fit for an Aging Population?
Steven G. Morgan, Jamie R. Daw and Michael R. Law
December 3, 2014

No Seniors' Specials: Financing Municipal Services in Aging Communities
Harry Kitchen
February 27, 2015

EVENTS

Webinar
Où vont les soins de longue durée au Québec ?
November 6, 2014

Webinar
Is Canada Ready for a National Pharmacare Program?
February 27, 2015

Round Table
IRPP Task Force on Aging: Creating a National Seniors Strategy for Canada
March 10, 2015, Ottawa

OTHER

EVENTS

Consultation with UK Government's Secretary of State for Scotland: The Scottish Referendum and Parallels with the Canadian Experience
April 30, 2014, Montreal

Round Table
EU-Canada Study Tour 2014
May 9, 2014, Montreal

Round Tables
Science, Technology and Public Policy
March 18-24, 2015, Edmonton, Vancouver, Halifax

REPORT OF THE INVESTMENT COMMITTEE

CHAIR **IAN D. CLARK**

MEMBERS **PATTI CROFT, MICHAEL DECTER, JOCK FINLAYSON, LEA HANSEN, MICHAEL KOERNER AND BOB LUBA**

The objective of the IRPP's Endowment Fund is to support the work of the Institute. The Investment Committee seeks to maintain the real value (after inflation) of the Fund so that it can continue to provide financial support to the Institute. The role of the Investment Committee is to advise the Board of Directors on the Institute's investment strategy; to consider and recommend the appropriate asset mix of the Endowment Fund; to select external investment managers and hold them accountable for their performance (both return and risk) in meeting the mandate objectives; and to act as a resource for the Board of Directors of the IRPP on investment related matters.

The Committee and the Board have always recognized that supporting the current operations of the Institute and protecting the value of the fund may be competing objectives. For this reason, in 1987 the Board decided that rather than using the actual income generated by the Fund in any one year, the Institute would withdraw an amount equal to 5 percent of the average of the last three years of the Fund's capital value, measured at fiscal year-end. That amount was raised to 5.5 percent for 1997-2000, and 6 percent for 2005-07.

The Endowment Fund was significantly affected by the financial crisis that began in the fall of 2008. Consequently, in December 2009, the Board decided to gradually reduce the rate of draw to 4 percent by 2014-15. To further reduce the transmission of portfolio volatility onto the amount released annually from the Endowment Fund to support the operations, a modified Yale Formula was selected for the spending policy. This formula consists of taking 80 percent of the allowable spending in the prior fiscal year, increased by the rate of inflation (as measured by the Consumer Price Index) for the 12 months ending December 31; and 20 percent of the long-term spending rate applied to the four-quarter market average of the endowment for the period ending December 31 prior to the start of the current fiscal year.

In late 2012, the decision was made to move away from balanced to specialty investment mandates and to change the asset mix allocation from 60 percent equities and 40 percent fixed income to 70 percent equities – 30 percent Canadian, 20 percent US, and 20 percent global – and 30 percent fixed income. To manage equities, in January 2013 the Committee hired Burgundy Asset Management. In June 2014, the Committee hired Phillips, Hager and North Investment Counsel to manage fixed income.

Favourable markets, a commitment to equities and superior active equity management resulted in an 8.7 percent increase, net of the fees and the draw for the year's operations, in the Endowment Fund market value in 2014-15.

For fiscal year 2014-15, the money transferred from the Endowment Fund to the operations amounted to $1,713,855 – approximately 75 percent of operating costs – and a decrease of approximately $147,608 from the transfer generated the previous year. In October 2014, to comply with the Statement of Investment Policy and Procedures (SIP&P), the portfolio was rebalanced in favour of Phillips, Hager & North.

The Fund's combined market value amounted to $42,965,969 as of March 31, 2015. The asset mix is reported in the table on the following page.

ENDOWMENT FUND | ASSET MIX

	Total portfolio		Burgundy Asset Management		Phillips, Hager & North	
	$	%	$	%	$	%
Canadian equities	12,328,337	28.8	12,328,337	40.3	-	-
US equities	9,116,239	21.2	9,116,239	29.8	-	-
Non-North American equities	9,146,831	21.2	9,146,831	29.9	-	-
Total equities	30,591,407	71.2	30,591,407	100.0	-	-
Fixed income	12,374,562	28.8	-	-	12,374,562	100.0
TOTAL	42,965,969	100.0	30,591,407	100.0	12,374,562	100.0

ENDOWMENT FUND | HIGHLIGHTS

	Fiscal year				
	2015	2014	2013	2012	2011
Market value	$42,965,969	$39,535,138	$35,410,577	$34,404,126	$36,717,036
Return (after draw and fees)	8.7%	11.6%	2.9%	-6.3%	4.3%
Spending (excludes fees)*	$1,713,855	$1,861,465**	$1,815,499	$1,951,570**	$1,857,019
Operating budget	$2,266,242	$2,268,301	$2,505,499	$2,186,073	$2,392,413
Endowment Fund contribution	75.6%	77.7% 82.1%**	72.5%	84.2% 89.3%**	77.6%

*The amount drawn from the Endowment Fund for operations is calculated using a modified Yale formula.
**Includes an additional draw from the Endowment Fund as authorized by the Board of Directors to cover extraordinary expenses.

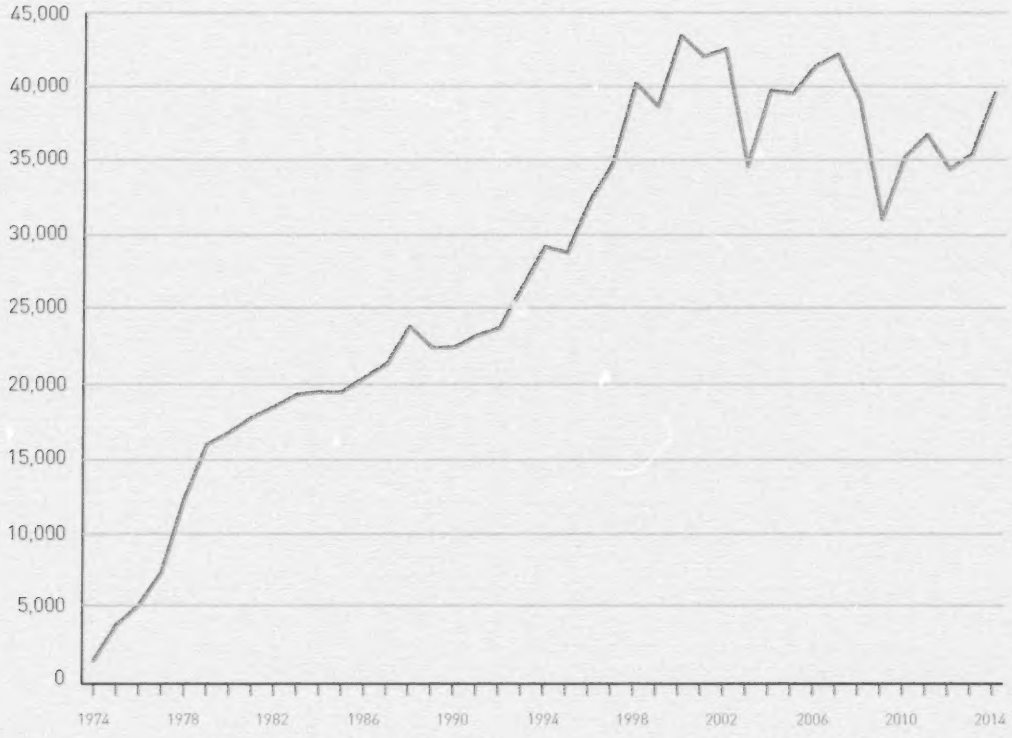
ANNUALIZED RETURNS

(after draw and fees)

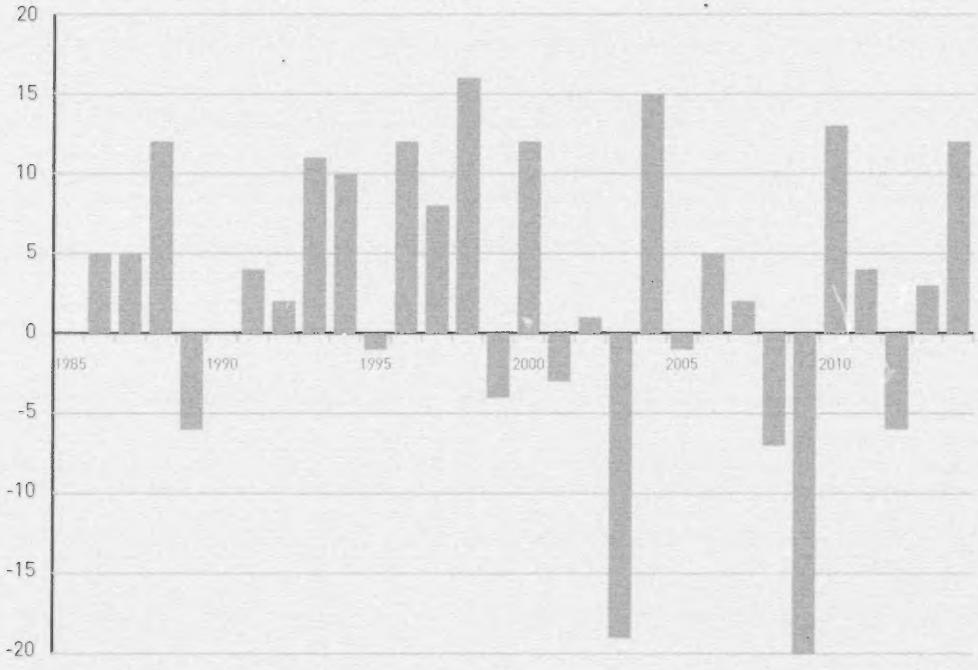
Since 2014	8.7%
Since 2010	4.1%
Since 2005	0.8%
Since 1995	2.0%
Since 1985*	2.7%

*The endowment was fully funded in 1985; prior to that growth was due to donations. Since then growth has been attributable to investment income.

VALUE OF THE IRPP ENDOWMENT, 1974-2014 (IN THOUSANDS OF DOLLARS)



ANNUAL GROWTH OF THE IRPP ENDOWMENT (PERCENT)



INDEPENDENT AUDITOR'S REPORT

To the Directors of Institute for Research on Public Policy,

We have audited the accompanying financial statements of the Institute for Research on Public Policy, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute for Research on Public Policy as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Raymond Chabot Grant Thornton

Montréal
June 8, 2015

OPERATIONS

Year ended March 31, 2015 (In thousands of dollars)

	2015	2014
	$	$
REVENUES		
Net investment income (Note 5)	**5,084**	5,972
Other revenues		
Policy Options magazine	**17**	25
Policy Options advertising	**43**	35
Other publications	**14**	17
Contributions	**454**	269
Other	**17**	35
	545	381
EXPENSES		
General research and support services	**1,781**	1,830
Policy Options magazine	**433**	450
Other publications	**25**	31
Interest	**9**	16
Amortization of tangible capital assets	**11**	14
	2,259	2,341
Deficiency of revenues over expenses before net investment income	**(1,714)**	(1,960)
Excess of revenues over expenses	**3,370**	4,012

The accompanying notes are an integral part of the financial statements.

CHANGES IN NET ASSETS

Year ended March 31, 2015 (In thousands of dollars)

	Restricted for the financing of operating activities (Note 3)	Invested in capital assets	Unrestricted	2015 Total	2014 Total
	$	$	$	$	$
Balance, beginning of year	**29,214**	**22**	**10,278**	**39,514**	35,502
Excess (deficiency) of revenues over expenses		**(11)**	**3,381**	**3,370**	4,012
Invested in capital assets		**4**	**(4)**		
Obligation under a capital lease		**2**	**(2)**		
Transfer (Note 4)	**(3,370)**		**3,370**		
Balance, end of year	25,844	17	17,023	42,884	39,514

The accompanying notes are an integral part of the financial statements.

CASH FLOWS

Year ended March 31, 2015 (In thousands of dollars)

	2015	2014
	$	$
OPERATING ACTIVITIES		
Excess of revenues over expenses	**3,370**	4,012
Non-cash items		
Net change in fair value of investments	**(3,797)**	(5,277)
Amortization of tangible capital assets	**11**	14
Net change in working capital items (Note 6)	**(46)**	(43)
Cash flows from operating activities	**(462)**	(1,294)
INVESTING ACTIVITIES		
Investments	**(19,339)**	(7,663)
Disposal of investments	**19,748**	8,874
Acquisition of tangible capital assets	**(4)**	(10)
Acquisition of the intangible asset		(2)
Cash flows from investing activities	**405**	1,199
FINANCING ACTIVITIES		
Bank loan		290
Repayment of bank loan	**(290)**	
Repayment of obligation under a capital lease	**(2)**	(2)
Cash flows from financing activities	**(292)**	288
Net increase (decrease) in cash	**(349)**	193
Cash (bank overdraft), beginning of year	**185**	(8)
Cash (bank overdraft), end of year	**(164)**	185

The accompanying notes are an integral part of the financial statements.

FINANCIAL POSITION

March 31, 2015 (In thousands of dollars)

	2015	2014
	$	$
ASSETS		
Current		
Cash		185
Trade and other receivables (Note 7)	284	307
Prepaid expenses	15	38
	299	530
Long-term		
Investments (Note 8)	42,923	39,535
Tangible capital assets (Note 9)	20	27
Intangible asset (Note 10)	2	2
	43,244	40,094
LIABILITIES		
Current		
Bank overdraft	164	
Bank loan (Note 11)		290
Trade payables and other operating liabilities (Note 12)	111	215
Subscription and sponsorship revenue collected in advance	35	14
Deferred contributions (Note 13)	45	54
Current portion of obligation under a capital lease	3	2
	358	575
Long-term		
Obligation under a capital lease (Note 14)	2	5
	360	580
NET ASSETS		
Restricted for the financing of operating activities	25,844	29,214
Invested in capital assets	17	22
Unrestricted	17,023	10,278
	42,884	39,514
	43,244	40,094

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2015 (In thousands of dollars)

1. GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Institute for Research on Public Policy is incorporated under Part II of the Canada Corporations Act. Its mission is to improve public policy in Canada by generating research, providing insight and sparking debate that will contribute to the public policy decision-making process and strengthen the quality of the public policy decisions made by Canadian governments, citizens, institutions and organizations. It is a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for pooled fund investments which are measured at fair value and bond investments which the Organization has elected to measure at fair value by designating that fair value measurement shall apply.

With respect to financial assets measured at amortized cost, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Revenue recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Under this method,contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Magazine, advertising, other publications and other revenue

Magazine, advertising, other publications and other revenue is recognized once there is an agreement between the parties, services have been rendered, the price is fixed or determinable and collection is reasonably assured. The liability relating to the received but unearned portion of revenues is recognized in the statement of financial position as subscription and sponsorship revenue collected in advance.

In addition to the general principles described above, the Organization applies the following specific principles:

- Advertising revenue is recognized on a straight-line basis over the duration of the contract, once advertising is edited;
- Magazine and other publications revenue is recognized on a straight-line basis over the duration of subscriptions;
- Other revenue is recognized when it is earned.

Net investment income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting. Net investment income includes interest income, dividend income and changes in fair value.

Interest income is recognized on a time apportionment basis, dividend income is recognized as of the ex-dividend date and changes in fair value are recognized when they occur.

With respect to investments measured at fair value, the Organization has elected to include in changes in fair value interest income (including amortization of bond investment premiums and discounts) and the interest in net income of pooled funds.

Tangible capital assets and intangible asset

Tangible capital assets and the intangible asset acquired are recorded at cost.

Amortization

Tangible capital assets and the intangible asset are amortized on a straight-line basis over their estimated useful lives at the following annual rates:

	Rates
Computer equipment and software	33%
Office equipment	20%

Write-down

When the Organization recognizes that a tangible capital asset or an intangible asset no longer has any long-term service potential, the excess of net carrying amount of the tangible capital asset or the intangible asset over its residual value is recognized as an expense in the statement of operations.

Foreign currency translation

The Organization uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical exchange rates, except those recognized at fair value, which are translated at the exchange rate in effect at the statement of financial position date. Revenues and expenses are translated at the exchange rate in effect on the date they are recognized, except for amortization of tangible capital assets translated at the historical exchange rates, which is translated at the same exchange rates as the related assets. The related exchange gains and losses are recognized in the statement of operations for the year.

3. RESTRICTIONS ON NET ASSETS

The net assets restricted for the financing of operating activities, and subject to internally imposed restrictions by the Board of Directors, must be maintained to finance the Organization's operating activities.

4. TRANSFER

	2015	2014
	$	$
Amount obtained from the formula of endowment spending	1,714	1,887
Net investment income (a)	5,084	5,972
	(3,370)	(4,085)

(a) The decrease in value in the restricted account and the offsetting amount that is unrestricted include the unrealized gain during the year on the assets in the restricted account.

To finance the operating activities of the Organization, the Board of Directors authorizes an annual transfer of resources from restricted net assets to unrestricted net assets. This transfer of resources is determined using a formula approved by the Board of Directors.

5. NET INVESTMENT INCOME

	2015	2014
	$	$
Investments measured at fair value		
Changes in fair value	4,436	5,485
Dividends	1,003	794
	5,439	6,279
Transaction costs	(355)	(307)
	5,084	5,972

6. INFORMATION INCLUDED IN CASH FLOWS

The net change in working capital items is detailed as follows:

	2015	2014
	$	$
Trade and other receivables	23	52
Prepaid expenses	23	(16)
Trade payables and other operating liabilities	(104)	(5)
Subscription and sponsorship revenue collected in advance	21	(39)
Deferred contributions	(9)	(35)
	(46)	(43)

7. TRADE AND OTHER RECEIVABLES

	2015	2014
	$	$
Trade accounts receivable	46	44
Accounts receivable on disposal of investments	143	43
Sales taxes receivable	62	62
Dividends receivable	33	158
	284	307

8. INVESTMENTS

	2015	2014
	$	$
Equities, bonds and other investments		
Canadian pooled equity funds	12,338	12,057
United States pooled equity funds	9,098	8,964
Other foreign pooled equity funds	9,155	8,946
Pooled money market funds		40
Bond pooled funds	12,332	
	42,923	30,007
Bonds		
Federal government		4,355
Provincial government		638
Corporations		4,535
	-	9,528
	42,923	39,535

9. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net carrying amount	2014 Net carrying amount
	$	$	$	$
Computer equipment	394	384	10	11
Office equipment	140	133	7	10
Asset under capital lease				
Office equipment	12	9	3	6
	546	526	20	27

10. INTANGIBLE ASSET

	2015	2014
	$	$
Software	2	2

11. BANK LOAN

The line of credit, for an authorized amount of $470, is unsecured, bears interest at prime rate plus 1% (3.85%, 4% as at March 31, 2014) and is subject to renewal in September 2015.

12. TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	2015	2014
	$	$
Trade payables	111	176
Salaries payable		24
Benefits payable		15
	111	215

Government remittances total $0 as at March 31, 2015 ($15 as at March 31, 2014).

13. DEFERRED CONTRIBUTIONS

	2015	2014
	$	$
Fifth Decade Fund		
Balance, beginning of year	54	89
Amount recognized in operations	(17)	(35)
Amount received during the year	8	
Balance, end of year	45	54

The Fifth Decade Fund represents amounts received and restricted for purposes specified by the president.

14. OBLIGATION UNDER A CAPITAL LEASE

	2015	2014
	$	$
Obligation under a capital lease for office equipment, bearing interest at 10.4%, expiring in February 2017	5	7
Current portion	3	2
	2	5

The minimum lease payments under the capital lease for the next years and the balance of the obligation are as follows:

	$
Years ending March 31	
2016	3
2017	3
Total minimum lease payments	6
Interest expense included in minimum lease payments	1
Balance of the obligation	5

15. FINANCIAL INSTRUMENTS

Financial risks

The Organization's main financial risk exposure is detailed as follows:

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are trade and other receivables, except for sales taxes receivable, pooled fund and corporations bond investments since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization. Additionally, the pooled fund investments also indirectly expose the Organization to credit risk.

The credit risk regarding cash is considered to be negligible because it is held by reputable financial institutions with an investment grade external credit rating. The credit risk related to federal and provincial governments bond investments is also considered negligible.

Market risk

The Organization's financial instruments expose it to market risk, in particular, currency risk, interest rate risk and other price risk, resulting from its operating, investing and financing activities:

- Currency risk:
  As at March 31, 2015, the Organization is exposed to currency risk due to cash and investments denominated in U.S. dollars totalling $9,100 ($8,968 as at March 31, 2014).

- Interest rate risk:
  The Organization is exposed to interest rate risk with respect to financial assets and liabilities bearing fixed interest rates.

  The bond investments and the obligation under a capital lease bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

  The bank loan bears interest at a variable rate and the Organization is, therefore, exposed to the cash flow risk resulting from interest rate fluctuations.

  Additionally, the pooled fund investments also indirectly expose the Organization to interest rate risk.

- Price risk:
  The Organization is exposed to price risk due to pooled fund investments since changes in market prices could result in changes in fair value or cash flows of these instruments.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

Carrying amount of financial assets by category

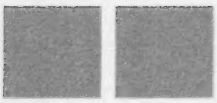
The carrying amount of the Organization's financial assets that are measured at amortized cost totals $141 ($264 as at March 31, 2014), whereas the carrying amount of financial assets measured at fair value totals $42,923 ($39,535 as at March 31, 2014).

Guaranteed financial liabilities

As at March 31, 2015, the carrying amount of guaranteed financial liabilities is $5 (Note 14).

16. COMMITMENTS

The Organization has entered into long-term lease agreements and a service contract expiring by 2022, which call for payments of $555 for the rental of equipment and office space and services. Minimum lease payments for the next years are $84 in 2016, $88 in 2017, $90 in 2018, $86 in 2019 and $207 in 2020 and the following years.



1470 Peel St. #200, Montréal, Quebec, Canada H3A 1T1

T (514) 985-2461 F (514) 985-2559 | irpp@irpp.org | irpp.org